

**THE HOME AND SCHOOL ASSOCIATION**  
of the  
Southbury Training School  
Southbury, Connecticut  
[www.homeandschoolsts.org](http://www.homeandschoolsts.org)

**Testimony submitted September 27, 2011 to:**

Legislative Program Review and Investigations  
Room 506, Capitol Building  
Hartford, CT 06106

Senator John W. Fonfara  
Representative T.R. Rowe  
Co-chairs

**Submitted by:**

David Kassel  
Communications Director  
The Southbury Training School Home & School Association  
112 West Bare Hill Road  
Harvard, MA 01451  
Phone and fax: (978) 456-3230

**To Senator Fonfara, Representative Rowe and members of the Legislative Program Review and Investigations Committee:**

On behalf of the Southbury Training School Home & School Association, I am submitting this testimony concerning the comparison you intend to undertake of the cost of providing public and private services (residential and day) to persons with intellectual disabilities in the Department of Developmental Disabilities system.

We believe there is growing evidence to disprove the presumption that many policy makers and members of the public hold that provision of these services in the privately run community-based system is less expensive than in public institutions. In fact, for the reasons enumerated below, we hope to make the case to you that centralized Intermediate Care Facilities for persons with developmental disabilities (ICFs/DD), such as the Southbury Training School (STS), are as cost effective, and possibly more so, than the dispersed and less adequately monitored community-based, provider system of care:

1. When equivalent populations are compared, the cost of ICF/DD care and privately provided, community-based care are similar. In a review of more than 250 cost studies,

an article in the journal *Mental Retardation* concluded that “cost savings at the macro level are relatively minor when institutional settings are closed and, if there are any at all, they are likely due to staffing costs when comparing state and private caregivers.”

(See Walsh, et al., "Cost Comparisons of Community and Institutional Residential Settings: Historical Review of Selected Research, *Mental Retardation*, Volume 41, Number 2: 103-122, April 2003; <http://www.vor.net/images/Costcomparison.doc> and 2009 update: [http://www.vor.net/images/stories/pdf/CCS\\_Update.doc](http://www.vor.net/images/stories/pdf/CCS_Update.doc))

Analyses that claim ICFs/DD are significantly more expensive per client than community-based group homes usually do not account for the fact that ICFs/DD such as STS serve a population of clients that are on average much more developmentally disabled, more medically involved, and older than does the community-based system. Consequently, ICF/DD residents need a significantly higher level of services on average than do community-based residents. To ensure a valid conclusion, any such cost analysis should ensure that equivalent populations are being compared.

Also, as Walsh et al. noted, many of the purported savings in closing state-run ICFs/DD are in reality the result of shifting costs to other budgets such as Medicaid. In Massachusetts, for instance, the Massachusetts Coalition of Families and Advocates, Inc. (COFAR) found that in concluding that ICFs/DD were more expensive to operate than community-based group homes, the Patrick administration failed to account for the fact that medical, clinical, and therapeutic costs had been shifted to the state's Medicaid budget. (See <http://cofarblog.wordpress.com/2011/07/27/identifying-the-missing-costs/>)

2. Analyses purporting to show lower costs in closing ICFs/DD often fail to account for the cost of the new infrastructure that must be constructed to house the residents of the closed facilities. In a study in 2002 and an update in 2010, the Connecticut Department of Developmental Services projected high costs associated with closing STS, and declined to project any significant savings in the closure. The 2010 update specifically noted "substantial cost implications" associated with "developing an infrastructure to accommodate a parallel service system in the community." We urge you to request this study and update from DDS if you don't already have it.

3. Financial oversight of state-operated facilities such as STS is more comprehensive and effective than oversight of the widely dispersed, provider-based system. As a result, a new, highly paid but loosely regulated bureaucracy of provider executives has taken root in most states, which has, in turn, raised the cost of state-funded care of the intellectually disabled. The human services provider system is a state-funded contract system that operates like public contractors in most other governmental sectors.

Earlier this month, the Project on Government Oversight contended that government actually pays more when it outsources work to contractors than when it does the work in house. According to the POGO report, contractors charged the federal government more than twice the amount the government pays its own workers.

([http://www.nytimes.com/2011/09/13/us/13contractor.html?\\_r=2](http://www.nytimes.com/2011/09/13/us/13contractor.html?_r=2))

*The New York Times* has done a number of exposes in recent months on the lack of oversight in New York State of the contracting system serving intellectually disabled persons. In one article, *The Times* reported that one New York City-based provider for the intellectually disabled – The Young Adult Institute – paid its two top executives close to \$1 million each in Medicaid funding. Among other things, the public funding went to buy luxury cars for the two executives and paid for the purchase of a public co-op apartment in Greenwich Village for one of the executives' daughters. (<http://www.nytimes.com/2011/08/02/nyregion/for-executives-at-group-homes-generous-pay-and-little-oversight.html?pagewanted=all>)

Salaries and perks of that magnitude that do not exist in the public sector.

4. Large ICFs/DD such as STS provide economies of scale in terms of purchases of food, medications, and other supplies. These economies of scale are not as available in the community-based, group home system in which each group home must purchase most of these items separately.

5. Centralized medical, clinical, therapeutic, and day program services at ICFs/DD such as STS provide for savings in transportation costs, which are lost in the dispersed community-based system. At STS, doctors, nurses, clinicians, and physical and other therapists are available on site to examine and otherwise provide services to residents. In contrast, residents of group homes in the community-based system must be transported elsewhere for doctors and dental visits as well as appointments with clinicians and therapeutic personnel and to day and work programs. Those community-based transportation costs are significant and should be taken into account in any cost comparison done of public versus private costs.

Similarly, the cost of day and work programs in the community system should be accounted for in any public versus private cost comparison. Day programs at STS are provided under the facility's budget. In the community system, day programs are usually paid under contracts separate from residential group home contracts, and thus those costs will not be captured in a comparison made solely between the STS budget and residential group home contracts.

6. STS provides services for community-based, DDS clients, such as dental care and medical services. More than 500 people living in community-based residences or at home receive free dental care at STS. Any comparison of STS and community-based costs should once again make an allowance for the fact that community-based residents are benefiting from those services.

Thank you for your consideration.